

REBUTTAL TESTIMONY

of

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Market Development Associate  
Office of Retail Market Development  
Illinois Commerce Commission

Central Illinois Light Company, d/b/a AmerenCILCO,

Central Illinois Public Service Company, d/b/a AmerenCIPS,

and

Illinois Power Company, d/b/a AmerenIP

Proposal to Implement a  
Combined Utility Consolidated Billing (UCB)  
And Purchase of Receivables (POR) Service

Docket Nos. 08-0619/0620/0621 (Cons.)

March 24, 2009

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1 Witness Identification

2 **Q. Please state your name and business address.**

3 A. My name is Christy Pound. My business address is 527 East Capitol Avenue,  
4 Springfield, Illinois 62701.

5 **Q. By whom are you employed and in what capacity?**

6 A. I work for the Illinois Commerce Commission ("ICC" or "Commission") as a  
7 Market Development Associate in the Office of Retail Market Development  
8 ("ORMD").

9 **Q. Please describe your educational and occupational background.**

10 A. I earned a Bachelor of Science Degree in Business Administration from Erskine  
11 College in 1995. Prior to joining the ICC in 1999, I held positions in both state  
12 government and the private sector.

13 **Q. What have been your responsibilities at the ICC?**

14 A. From 1999 through August of 2008, I was a Consumer Counselor in the  
15 Consumer Services Division ("CSD"). In that role I provided consumer education  
16 and dispute resolution services between regulated utility companies and their  
17 customers through the informal complaint process. I also reviewed utility tariffs  
18 and company policies relating to consumer protections, analyzed complaint  
19 statistics and worked with Management to resolve concerns about complaint

trends. In my current position, I assist the ORMD in promoting retail electric competition in Illinois by reviewing and analyzing policy issues affecting consumers in a competitive electric market.

Purpose of Rebuttal Testimony

**Q. What is the purpose of your rebuttal testimony?**

A. The purpose of my rebuttal testimony is to respond to the rebuttal testimony of Ameren witness Roger Pontifex and to the direct testimony of Citizens Utility Board (“CUB”) witness Bryan McDaniel.

**Q. Mr. McDaniel recommends that the Commission reject Ameren’s UCB/POR tariff filing “as premature and that Ameren be directed to refile its UCB/POR tariffs after the current ...workshop process... addressing consumer protections on UCB/POR in the retail electric market has concluded.”<sup>1</sup> Do you agree with Mr. McDaniel’s recommendation?**

A. No, I do not agree with Mr. McDaniel’s characterization that the AIU’s UCB/POR tariff filing is premature. In fact, although I’m not a lawyer, it is my opinion that rejecting this tariff would be inconsistent with the intent of SB 1299<sup>2</sup> and the Retail Competition Act of 2006<sup>3</sup>. Both SB 1299 and the Retail Competition Act of 2006 added sections to the Public Utilities Act (the “Act”) in response to the lack of retail electric choices for residential and small commercial customers. The

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<sup>1</sup> CUB Exhibit 1.0, lines 27-31.

<sup>2</sup> SB 1299 was signed into law and became effective in November 2007, adding Section 16-118 to the Public Utilities Act.

<sup>3</sup> 220 ILCS 5/20-101.

additions to the Act were intended to “promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all Illinois consumers.”<sup>4</sup> SB 1299 clearly requires the AIU to file tariffs offering UCB/POR to alternative retail electric suppliers (“ARES” or “RES”) and rejecting the AIU’s tariff to implement UCB/POR would be in direct opposition to the law.

Consumer Protections

**Q. Do you share Mr. McDaniel’s concerns about the lack of consumer protections in place prior to the implementation of the AIU’s UCB/POR program?**

A. While I agree with Mr. McDaniel that consumers should not have to “learn the hard way”<sup>5</sup> about electric choice, I do not agree that will be the case, as consumer protections for Illinois electric choice consumers have existed since the implementation of the Electric Service Customer Choice and Rate Relief Law of 1997. Customer protections in existence include but are not limited to the following: RES certification rules,<sup>6</sup> marketing disclosure requirements, pricing disclosures, disclosure of terms and conditions including early termination fees, disclosures of technologies or fuel types used to generate electricity, itemized billing,<sup>7</sup> consumer education,<sup>8</sup> verifiable authorization to switch to a supplier,<sup>9</sup> and

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<sup>4</sup> 220 ILCS 5/20-102(d).

<sup>5</sup> CUB Exhibit 1.0, line 58.

<sup>6</sup> 220 ILCS 5/16-115.

<sup>7</sup> Disclosure requirements for marketing, pricing, terms and conditions, technology and fuel types used and itemized billing are all found in 220 ILCS 5/16-115A(e).

<sup>8</sup> 83 Illinois Administrative Code 451.310(e).

<sup>9</sup> 220 ILCS 5/16-115A(b).

dispute resolution.<sup>10</sup> Consumer Protections contained in 83 Illinois Administrative Code 280 including requirements for payment arrangements, budget billing, and rules governing the disconnection of service will apply to electric supply customers on UCB/POR.<sup>11</sup> Having said that, I agree with Mr. McDaniel that additional and more specific requirements for retail electric suppliers marketing to residential and small commercial customers may be needed.

**Q. Please respond to Mr. McDaniel's comments regarding the experience with natural gas choice in Northern Illinois.<sup>12</sup>**

A. While consumer protections for electric supply customers have been in place since 1997, some of those requirements have not existed on the natural gas side. In response to the high volume of complaints by alternative gas supply customers last year, the legislature is awaiting the Governor's signature on Senate Bill 171<sup>13</sup> to implement consumer protections for customers of Alternative Gas Suppliers ("AGS"). The pending legislation added some customer protections that have been in existence on the electric side. These include the letter of authorization, third party verification and customer-initiated call requirements for verifiable authorization to switch a customer's supplier as well as complaint and penalty procedures.<sup>14</sup>

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<sup>10</sup> 220 ILCS 6/16-115B.

<sup>11</sup> 83 Illinois Administrative Code 280.110, 280.120, and 280.130.

<sup>12</sup> CUB Exhibit 1.0, lines 87-94.

<sup>13</sup> Senate Bill 171 was sent to the Governor's office on February 11, 2009.

<sup>14</sup> Verifiable Authorization to switch suppliers and complaint and penalty procedures are contained in 815 ILCS 505/2EE.

75 **Q. Mr. McDaniel states: “the fact that customers will be subject to**  
76 **disconnection if they do not pay the supplier charges on their bill under**  
77 **UCB/POR removes a safety valve that has been available to customers in**  
78 **Northern Illinois.”<sup>15</sup> Do you agree such a “safety valve” exists and that**  
79 **customers are losing disconnection protection with UCB/POR?**

80 **A.** I do not agree that this provision available to AGS customers always functions as  
81 a “safety valve.” Unfortunately, some customers use this protection to delay  
82 collection activity, and as a result, it perpetuates the problem of accruing charges  
83 they might never be able to pay in full. At the same time, this provision functions  
84 as a safety valve for customers who have a legitimate dispute they are unable to  
85 resolve with the supplier. However, such a protection already exists for  
86 customers, including future UCB/POR customers, who contact the Commission’s  
87 CSD to file a complaint.<sup>16</sup> With UCB/POR, the electric utility will be purchasing  
88 the receivables of the electric supplier, and therefore, the amount the customer  
89 owes will be owed to the electric utility and the discontinuance of service rules in  
90 83 Illinois Administrative Code 280 will apply.

91 **Q. Do any regulations currently exist to prevent collection activity or the**  
92 **disconnection of service when a customer has a legitimate dispute?**

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<sup>15</sup> CUB Exhibit 1.0, lines 81-84.

<sup>16</sup> 83 Illinois Administrative Code 280.160(c).

93 A. Yes. Customers may contact the Commission's CSD to file a complaint pursuant  
94 to the Act,<sup>17</sup> 83 Illinois Administrative Code 280<sup>18</sup> and the Consumer Fraud and  
95 Deceptive Business Practices Act,<sup>19</sup> which will prevent disconnection so long as  
96 the customer pays all undisputed charges. Both the Act and the Consumer  
97 Fraud and Deceptive Business Practices Act<sup>20</sup> give the Commission the  
98 authority to entertain and dispose of any complaints against alternative retail  
99 electric suppliers and impose penalties on any supplier found to be in violation or  
100 non-conformance of applicable tariffs, agreements and laws.

101 **Q. Do you believe any additional customer protections are necessary to**  
102 **promote the development of an effectively competitive retail electricity**  
103 **market that benefits all consumers?**

104 A. While consumer protections currently exist for RES customers, I do think it is  
105 necessary to bring additional clarity to these protections which will ensure a  
106 better experience for the customer, the RES and the utility. The ORMD has  
107 developed a Straw Man proposal of retail electricity requirements to bring more  
108 specificity to existing requirements. The topics addressed in the Straw Man  
109 include: training of RES sales agents, a utility-maintained "Do Not Contact List,"  
110 retention and availability of sales contracts, marketing and enrollment, rescission,  
111 deposits, early termination, contract renewal, assigning customers to a different  
112 RES, uniform disclosure, and dispute resolution procedures. The ORMD has

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<sup>17</sup> 220 ILCS 5/16-115B(a).

<sup>18</sup> 83 Illinois Administrative Code 280.160.

<sup>19</sup> 815 ILCS 505-2EE(d).

<sup>20</sup> 220 ILCS 5/16-115B and 815 ILCS 505/2EE(d).



sought the input of interested parties with requests for written comments and through face-to-face workshop sessions. The input from the parties, including CUB, has been highly constructive in the development of the ORMD's Straw Man. I agree with Mr. McDaniel that the results of the ICC-led workshop process will aid in the creation of potential legislation or help to guide a rulemaking at the Commission. It may be appropriate for the Commission to promulgate rules applicable to all RES in order to implement more specific customer protections as discussed in the workshop process.

**Q. Mr. McDaniel states: "there are no consumer protections in place that deal with uniform pricing which would enable consumers to compare RES products on an apples-to-apples basis."<sup>21</sup>**

A. While it is not entirely clear what is meant by "consumer protections" in this example, it should be noted that a requirement for strict uniform pricing of all competitive electric products and services might not be desirable. For example, there are a variety of à la carte and package options for both landline and mobile telephone services available, and this type of variety would not be possible with strict uniform pricing requirements. I strongly agree, however, that it is an important consumer protection to provide customers with the information necessary to make an informed decision. With the existing pricing disclosure requirements both in law<sup>22</sup> and rule,<sup>23</sup> RES are already required to provide the

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<sup>21</sup> CUB Exhibit 1.0, lines 182-184.

<sup>22</sup> 220 ILCS 516-115A, and 815 ILCS 505/2EE(b) and 505/2GG.

<sup>23</sup> 83 Illinois Administrative Code 451.310.

customer with written information prior to any supplier switch that discloses the prices terms and conditions of the products and services being sold to the customer. I also agree with Mr. McDaniel that additional consumer education on the ICC's website is necessary, and it is Staff's intent to implement a shopping website for consumers to compare electric supply offerings similar to New York's "Power to Choose" website.<sup>24</sup>

**Q. Do you agree with Mr. McDaniel's recommendations: "I also recommend that a disclosure form be provided to customers by a RES at the time of enrollment, the utility maintain a "Do Not Contact List", longer cancellation periods should be mandated..."?"<sup>25</sup>**

**A.** Yes, I do agree with Mr. McDaniel. The ORMD's Straw Man proposal contains specific requirements for all three of these consumer protections.

**Q. Mr. McDaniel's testimony states that the processes contained in 83 Illinois Administrative Code 280 are "back-end" protections and should not be the customer's only outlet to settle a dispute.<sup>26</sup> Are there currently any additional avenues through which a customer may settle a dispute?**

**A.** Yes, there are several options available to customers for dispute resolution. In addition to the Commission's CSD, CUB, the Illinois Attorney General's Office, and the Better Business Bureau are all accustomed to handling utility related

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<sup>24</sup> <http://www.energyguide.com/finder/NYFinder.asp>.

<sup>25</sup> CUB Exhibit 1.0, lines 189-191.

<sup>26</sup> CUB Exhibit 1.0, lines 165-68.

complaints. As previously stated, a customer should first contact their RES in an attempt to resolve the dispute. The majority of issues will be resolved at this level. If a dispute remains after the customer has spoken with the RES, he or she has the option of pursuing a complaint through the Commission's CSD or the other organizations listed above. While Mr. McDaniel suggests the protections in 83 Illinois Administrative Code 280 are "back end," they will protect RES customers on UCB/POR from being disconnected while a complaint is pending. As Mr. McDaniel is aware, the protections in 83 Illinois Administrative Code 280 are currently subject to an ongoing rulemaking,<sup>27</sup> and it is expected that updates to these rules will be implemented to further protect customers choosing alternative energy suppliers.

Disputed Charges

**Q. Mr. McDaniel states "AIU indicated that it intends to remove the customer's voice from the dispute process by removing the ability of customers to contact AIU and dispute RES charges"<sup>28</sup> due to AIU's stated intention to remove a sentence from its proposed tariffs. Do you agree that this revision to AIU's UCB/POR Supplier Terms and Conditions tariff would remove the customer's voice from the dispute process?**

**A.** No. The sentence proposed to be removed states that "charges billed by the Company to a Retail Customer for the RES' electric power and energy supply service are deemed to be disputed if such Retail Customer contacts the

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<sup>27</sup> ICC Docket 06-0703.

<sup>28</sup> CUB Exhibit 1.0, lines 129-31.

174 Company and claims that such charges are not correct.”<sup>29</sup> I do not agree that  
175 Ameren is removing the ability of customers to contact AIU. Mr. Pontifex  
176 describes in great detail the anticipated dispute resolution process, and he  
177 makes it clear that Ameren is not proposing to remove the ability of a RES  
178 customer to contact Ameren. In addition, this proposed change does not remove  
179 the “customer’s voice” in a dispute, but rather directs it to the appropriate place  
180 (the RES) to be heard. As Mr. Pontifex states in his revised rebuttal testimony,  
181 “the AIU have no practical ability to govern the relationship between the customer  
182 and the supplier.”<sup>30</sup> It is not appropriate for the AIU to determine if a charge  
183 between a RES and its customer is disputed. The AIU’s original proposed tariff  
184 language removed “disputed” charges from the customer’s bill upon initial contact  
185 to the AIU without even requiring the customer to contact the supplier at all.

186 **Q. Mr. McDaniel states that the AIU’s intention to remove the sentence**  
187 **discussed above “could cause customer confusion and frustration, as well**  
188 **as a potential backlog at the ICC Consumer Affairs Division and is not a**  
189 **prudent or reasonable policy.”<sup>31</sup> Do you agree?**  
190

191 **A.** I do not agree that the modification of this language in the AIU’s Supplier Terms  
192 and Conditions will create customer confusion and frustration, as it simply  
193 clarifies that the AIU is not the appropriate entity to make the judgment if a  
194 charge between a RES and a RES customer is disputed. Mr. Pontifex states that

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<sup>29</sup> CUB Exhibit 1.0, lines 131-35.

<sup>30</sup> Ameren Exhibit 7.0-REV, lines 87-88.

<sup>31</sup> CUB Exhibit 1.0, lines 138-39.

195 the AIU will continue to be an educator and trusted source to the customer, and  
196 the customer may call the AIU for guidance on the steps necessary to resolve a  
197 dispute.<sup>32</sup> I think the AIU's commitment to educate and guide their delivery  
198 service customers on electric supplier choice issues coupled with more specific  
199 dispute resolution requirements resulting from the ORMD's workshop process  
200 will result in a satisfying customer experience.

201 **Q. Mr. McDaniel states: "It appears Ameren is suggesting that every customer**  
202 **/ RES dispute would have to be addressed by the Commission and handled**  
203 **without the cooperation of the utility."**<sup>33</sup> **Do you agree with this statement?**

204 **A.** No, it would appear that Mr. McDaniel expects the AIU to remove charges upon  
205 the customer's initial call to the utility without any determination if a legitimate  
206 dispute actually exists between the customer and the RES. Through my nine  
207 years of experience as a Consumer Counselor, I am aware that a large number  
208 of complaints are not actually complaints but inquiries that can simply be  
209 resolved or explained by calling the supplier to discuss the dispute or even  
210 calling the CSD for information. Why incur the administrative burden of multiple  
211 Electronic Data Interchange ("EDI") transactions between the AIU and the RES  
212 removing then possibly resubmitting charges prior to the outcome of the dispute  
213 process?

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<sup>32</sup> Ameren Exhibit 7.0-REV, lines 366-71.

<sup>33</sup> CUB Exhibit 1.0, lines 135-37.

214 **Q. In response to Staff's direct testimony, Mr. Pontifex provides an overview**  
215 **of the AIU dispute resolution processes for AIU's supply customers,<sup>34</sup> RES**  
216 **dual bill customers<sup>35</sup>, RES SBO customers<sup>36</sup> as well as the recommended**  
217 **process for RES UCB/POR customers.<sup>37</sup> Do you believe a consistent**  
218 **dispute resolution process for RES disputed charges can be effectively**  
219 **implemented without specific language in the tariff to detail that process?<sup>38</sup>**

220 A. Yes, I believe a consistent process can be implemented by the AIU to handle  
221 RES disputed charges without specific tariff language detailing each step in the  
222 process. I do not recommend an attempt to detail those processes in this tariff,  
223 as the dispute resolution process for UCB/POR needs to be consistent among all  
224 electric utilities required to offer UCB/POR. Staff is committed to developing a  
225 consistent dispute resolution process that would apply to all electric utilities  
226 offering UCB/POR. This opinion is shared by Mr. Barkas as stated in his direct  
227 testimony: "Ameren should revise the tariff to contain neutral language that could  
228 then be used to implement the agreement that should soon be reached in the  
229 workshops. Such neutral language would allow the process agreed to in the  
230 workshops to be implemented without the need to rewrite the tariff again."<sup>39</sup>

231 **Q. Do you have any recommendations for the AIU to further clarify the steps**  
232 **that customers must take to resolve their RES dispute?**

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<sup>34</sup> Ameren Exhibit 7.0-REV, lines 135-62.

<sup>35</sup> Ameren Exhibit 7.0-REV, lines 174-98.

<sup>36</sup> Ameren Exhibit 7.0-REV, lines 199-234.

<sup>37</sup> Ameren Exhibit 7.0-REV, lines 275-318.

<sup>38</sup> Ameren Exhibit 7.0-REV, lines 244-47.

<sup>39</sup> DRI Exhibit 1.0, lines 135-38.

233 A. I recommend tariff language to be included in the definition of Disputed Charges  
234 on the AIU's 3<sup>rd</sup> Revised Sheet No. 5.017 stating that upon initial contact from a  
235 customer with a RES dispute, the AIU will provide the customer with the contact  
236 information for both the RES and the ICC's CSD for dispute resolution. From my  
237 experience as a Consumer Counselor, I know customers can become frustrated  
238 when trying to navigate a complicated dispute resolution process. I believe that  
239 providing customers with both the RES' information and CSD's information in the  
240 initial contact will reduce customer frustration by simplifying the dispute resolution  
241 process.

242 **Q. Do you have any additional recommendations regarding Ameren's**  
243 **proposed tariffs?**

244 A. Yes. In order to keep the Original Sheet No. 5.032 consistent with the definition  
245 of disputed charges found on the 3<sup>rd</sup> Revised Sheet No. 5.017, I recommend  
246 adding the phrase "as defined on Sheet 5.017," and removing the phrase "that  
247 are disputed by such retail customer." Additionally, I recommend changing "1" to  
248 "one."

249 UCB/POR Program – The Company will remit payments for undisputed  
250 charges due to the RES for electric power and energy supply service  
251 provided by the RES to Retail Customers with respect to which the  
252 Company purchased accounts receivables. The Company shall provide  
253 remittance of the amount due to the RES no later than 4 one day following  
254 the customer's bill due date, ~~which is currently 22 days for Residential~~  
255 ~~Customers and 15 days for Non-Residential Customers from the date the~~  
256 ~~Company sends the bill to the Customer.~~ The Company is not obligated  
257 to make payments for ~~purchased~~ receivables associated with Disputed  
258 eCharges, as defined on Sheet 5.017, billed to a Retail Customer for the  
259 RES's electric power and energy supply services. ~~that are disputed by~~

such Retail Customer. Charges billed by the Company to a Retail Customer for the RES's electric power and energy supply service are deemed to be disputed if such Retail Customer contacts the Company and claims such charges are not correct. A Retail Customer's claim that is not able to pay amounts due for the RES's electric power and energy supply service does not constitute Disputed Charges with respect to the Company's obligation to pay for purchased receivables. In the event that a Retail Customer sends payment to the RES for electric power and energy supply service with respect to which the Company purchased the accounts receivable, the RES will forward such payment to the Company within one day.<sup>40</sup>

Additionally, I recommend changing "bona fide" to "legitimate" in the Disputed Charges definition to be consistent with language used on sheet 5.012 referenced in both the Single Billing and UCB/POR Billing Options section.

Also, to reflect the AIU's modified position, as stated in Mr. Pontifex's revised rebuttal testimony,<sup>41</sup> I have added the phrase "RES or the" to clarify the AIU will consider a charge disputed upon notice from either the RES or the Consumer Services Division of the ICC:

#### **Disputed Charges**

Disputed Charges are used herein to refer to: a) disputes between the RES and the RES Customer only, and; b) disputes regarding RES charges and not RES Customer's usage. A charge RES shall not be considered a include Disputed Charges until such time in its submission of accounts receivable for payment by the Company has received notice of the Disputed Charge from the RES or the Consumer Services Division of the ICC. If a customer contacts the AIU to dispute a RES charge, the AIU will refer the customer to the RES for resolution as well as provide contact information for the ICC's CSD. A RES shall not include Disputed Charges in its submission of accounts receivable for payment by the Company. The Company will not remit payment to a RES for Disputed Charges. The Company will notify the RES of any disputed charges. The RES will notify the Company when the dispute has been resolve at which point the RES can include resolved charges in the accounts receivable. If a RES

<sup>40</sup> Original Sheet 5.032.

<sup>41</sup> Ameren Exhibit 7.0-REV, lines 308-10.



293 transfers a receivable or receivables subject to a ~~bona-fide~~ legitimate  
294 dispute to the Company, the Company may demand repayment from the  
295 RES for any Disputed Charges related to the disputed portion of the bill  
296 consistent with the terms of the UCB/POR Billing Service Agreement. A  
297 ~~bona-fide Legitimate dispute includes Disputed Charges may include~~, but  
298 ~~is~~ are not limited to, Disputed Charges that are subject to an ongoing bill  
299 inquiry, pending litigation, arbitration, mediation, or any state or federal  
300 regulatory proceedings.<sup>42</sup>

301 Conclusion

302 **Q. Does this question end your prepared rebuttal testimony?**

303 A. Yes.

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<sup>42</sup> 3<sup>rd</sup> Revised Sheet No. 5.017.